

"JACKPOT: Gaming the Home Health Care System"

Hearing of the U.S. Senate Special Committee on Aging

Statement of Senator John Breaux, Ranking Member

July 28, 1997

Thank you Mr. Chairman. This is a hearing that is long overdue. In recent months, we have heard how the home health benefit is out of control and today, we will learn why.

Medicare, which pays for 60 percent of all home health care delivered in the United States, has seen spending for the benefit skyrocket from \$2.6 billion in 1989 to \$17.7 billion in 1996. As we will hear today, home health care is viewed as one of the most fraud-prone Medicare benefits. As we consider ways to save the Medicare trust fund, we must first look at ways to end fraud.

As part of its reconciliation bill, Congress is expected to call for a prospective payment system for home health care. By moving the Medicare home health benefit from a cost-based payment system to one established prospectively, some of the types of fraud today's lead witness committed against Medicare will not be possible. However, some savvy criminals will always try to find a way to scam any system, so I look forward to hearing how we can avoid fraudulent behavior as we change the payment system.

As we are passing out blame for the problems we will hear about today, we must accept our responsibility for the rapid increase in home health expenditures. Before 1980, beneficiaries could qualify for home health care under Part A only after a minimum three-day hospital stay and were limited to 100 visits. OBRA 1980 revoked those policies, allowing more enrollees to qualify for services and permitting more visits. While the vast majority of beneficiaries receiving home health care truly need it, some don't, and it appears that some home health operators are taking advantage of that.

The fact that there are problems with oversight of the Medicare home health benefit is, unfortunately, not new. Numerous GAO reports over the years - - with titles such as "Need to Hold Home Health Agencies More Accountable for Inappropriate Billings" - - have made it clear that claims are inadequately reviewed by the Medicare claims-processing contractors, which are ultimately overseen by the Health Care Financing Administration.

At today's hearing, the GAO and the Inspector General of the Department of Health and Human Services will give us new information on the extent of home health fraud. For example, we will hear that *40 percent* of the total services provided by home health care providers in four selected states should not have been paid. That is shocking information.

I am glad that we will not be hearing only about problems at today's hearings, but also about solutions. I am confident that the people we have assembled here today can help us come up with a plan for combating home health fraud.

I am especially interested in hearing from my state's Secretary of Health and Hospitals, Bobby Jindal, who has lead the way in curbing Louisiana's Medicaid spending on improper home health care. Secretary Jindal has taken an aggressive stance against fraud. For example, since October 1995, 15 home health agencies have been excluded in Louisiana because of abuse, fraud, poor business practices or a lack of quality services. Jindal's leadership against fraud has resulted in an \$8 million reduction in

Medicaid spending over the last two years in Louisiana.

I hope we can continue our bipartisan work and take what we learn today and craft a solution that will protect those providers who are being honest and those beneficiaries who truly need to use the benefit.